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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

LEA MÁRQUEZ PETERSON, Chairwoman
SANDRA D. KENNEDY
JUSTIN OLSON
ANNA TOVAR
JIM O'CONNOR

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY TO RESET THE ANNUAL
POWER SUPPLY ADJUSTMENT
SURCHARGE AND FOR RELATED
AUTHORIZATIONS.

DOCKET NO. E-01345A-22-_____

**ARIZONA PUBLIC SERVICE
COMPANY'S APPLICATION TO
RESET POWER SUPPLY
ADJUSTMENT SURCHARGE**

I. INTRODUCTION

This is an Application to reset Arizona Public Service Company's (APS or Company) Power Supply Adjustment (PSA) surcharge on February 1, 2023. In addition, APS requests that the Arizona Corporation Commission (Commission) approve a change in the annual year over year surcharge cap on the adjustor to allow the Company to more timely recover funds that have accumulated in the PSA balancing account due to the recent surge in fuel and purchased power costs. This Application is filed pursuant to Decision Nos. 69663 (June 28, 2007), 71448 (December 30, 2009), 73183 (May 24, 2012), 76295 (August 18, 2017), and 78317 (November 9, 2021). Specifically, this Application requests that the Commission consider and authorize APS

1 to reset the PSA surcharge under one of the following options to address the substantial under-
2 collected balance in the PSA account.

3 Under the first option, APS proposes a PSA surcharge of \$0.025884 per kWh through an
4 adjustment to the Transition Component of the PSA calculation to address the significant
5 imbalance between the anticipated collections and costs for the 2023 PSA year. The first option
6 proposes a PSA increase of \$0.01834 per kWh over the current PSA surcharge effective February
7 1, 2022. A copy of the non-confidential information supporting this PSA surcharge calculation
8 for the 2023 PSA year is attached to this Application as **Exhibit A**. The proposed PSA surcharge
9 under option one would allow recovery of \$805 million¹ to eliminate the current under-collected
10 balance in the PSA account and substantially reduce the projected PSA balancing account ending
11 January 31, 2024.²

12 Under the second option, APS proposes a PSA surcharge of \$0.013544 per kWh to address
13 the significant imbalance in the PSA balancing account. The second option contemplates a
14 permanent increase of the annual PSA surcharge cap from \$0.004 per kWh to \$0.006 per kWh.
15 A copy of the non-confidential information supporting this PSA surcharge calculation for the
16 2023 PSA year is attached to this Application as **Exhibit B**. The proposed PSA surcharge under
17 option two would allow recovery of \$406 million of under-collected fuel and purchased power
18 costs and mitigate further expansion of the PSA balancing account. Under option two, APS
19 projects that the under-collected PSA balance ending January 31, 2024 will be more moderately
20 reduced from its current level than under the option one.

21 Under the third option, APS similarly requests that the Commission approve a PSA
22 surcharge of \$0.013544 per kWh. The third option contemplates a temporary increase to the
23 annual PSA surcharge cap from \$0.004 per kWh to \$0.006 per kWh through the end of the 2024
24 PSA year,³ after which time the annual cap would return to \$0.004 per kWh. The non-confidential
25

26 ¹ These are out-of-pocket costs paid to suppliers of fuel and purchased power plus interest
27 expense. There is no shareholder profit included.

28 ² The Company's actual projected balances are confidential and will be provided to Staff pursuant
to a Protective Agreement.

³ The end of the 2024 PSA year is January 31, 2025.

1 information supporting the PSA surcharge calculation under option three is the same for option
2 two, and is set forth in **Exhibit B**. Under option three, the proposed PSA surcharge would also
3 allow recovery of \$406 million of under-collected fuel and purchased power costs and would
4 temporarily mitigate expansion of the PSA balancing account.

5 In connection with these three options, APS is requesting authorization to increase the
6 PSA surcharge annual cap of \$0.004 per kWh to facilitate more timely recovery of the under-
7 collection of fuel and purchased power costs through the PSA surcharge in recent years. Due to
8 rising fuel costs and market volatility, the Company's under-collected PSA balance has risen from
9 \$175 million in January 31, 2021, to \$456 million as of October 31, 2022. Since the Company's
10 PSA balancing account is projected to continue increasing year over year, APS requests that the
11 Commission reset the PSA surcharge under one of these three options to ameliorate the growing
12 under-collected PSA balance and allow APS to more timely recover fuel and purchased power
13 costs.

14 **II. THE APS PSA**

15 The PSA is intended to lessen the impact of highly variable fuel and purchased power
16 costs for both APS and its customers and to send price signals to customers about the cost of
17 energy. It does so by providing a mechanism to allow APS to recover/refund a portion of its
18 higher/lower fuel and purchased power costs. This also helps preserve the Company's financial
19 integrity and corresponding ability to properly serve its customers.

20 The Commission authorized the continuation of the PSA as set forth in the Plan of
21 Administration (POA) approved in Decision No. 78317. The POA authorizes APS to file an
22 application for an annual adjustment to the PSA surcharge on November 30 of each year, with
23 the PSA surcharge to become effective on February 1 of the following year. The POA further
24 contemplates that the PSA surcharge rate may not change from the prior year's PSA surcharge
25 rate by more than \$0.004 per kWh without authorization from the Commission.

26 The PSA surcharge consists of three components designed to provide for the recovery of
27 actual, prudently incurred PSA costs: the Forward Component; the Historical Component; and
28

1 the Transition Component. The Forward Component recovers or refunds differences between
2 expected PSA costs and those embedded in base rates. The Historical Component tracks the
3 differences between actual PSA costs and the recovery of those costs through the combination of
4 base rates and the Forward Component (which provides for recovery or refund during the next
5 PSA year). The Transition Component provides for the opportunity to seek mid-year changes in
6 the PSA surcharge in cases where variances between the anticipated recovery of fuel and
7 purchased power under the combination of base rates and the Forward Component become so
8 large as to warrant recovery or refund.

9 **III. OPTION ONE – TRANSMISSION COMPONENT ADJUSTMENT**

10 Given the significant and growing under-collected PSA balance noted above, APS is
11 proposing to adjust the Transition Component of the PSA calculation and increase the PSA
12 surcharge annual cap from \$0.004 per kWh to \$0.01834 per kWh for a PSA surcharge of
13 \$0.025884 per kWh. The under-collected balance has increased because the base fuel cost
14 adopted by Decision No. 78317 was premised on 2020⁴ projections that incorporated much lower
15 costs for natural gas and purchased power. The unhedged average realized cost⁵ in 2022 (as of
16 August 2022) was \$6.22 per MMBtu compared to \$1.79 per MMBtu in 2020 – an increase of
17 247%. Similarly, the unhedged average cost of purchased power⁶ in 2022 (as of August 2022)
18 was \$62.19 per MWh delivered compared to \$39.64 per MWh in 2020 – an increase of nearly
19 57%. These higher costs, even after hedging, resulted in a significant under-collection of power
20 supply costs over this period.

21 APS's robust hedging program helps mitigate its fuel and purchase power costs and APS
22 engages in market transactions to maximize customer savings. As of August 2022, the Company's
23 hedging program is expected to save APS customers approximately \$338 million related to
24
25

26 ⁴ See Decision No. 78317 at 418, lines 12-13.

27 ⁵ The San Juan Basin supplies approximately 80% of the natural gas used in the Company's
generating units.

28 ⁶ The Palo Verde market hub is generally regarded as a good indicator of the cost of available
energy in the southwest.

1 natural gas prices in 2022.⁷ However, even with the success of the Company's hedging program,
2 the rising fuel costs and market volatility noted above continue to cause the under-collected PSA
3 balance to increase. Under option one, the proposed PSA surcharge totaling \$0.025884 per kWh
4 will enable APS to recover and eliminate the current under-collected balance over a 12-month
5 period, consistent with the 12-month period typically authorized by the Commission. For these
6 reasons, the proposed PSA surcharge is reasonable, in the public interest, and should be approved
7 by the Commission.

8 Under option one, the proposed PSA surcharge will temporarily increase monthly bills for
9 the average residential customer by \$19.26 (for a 12.70% increase in the total monthly bill) and
10 by \$29.70 (for a 13.99% increase in the total monthly bill) for the average residential customer
11 on demand rates. Customers using higher/lower amounts of energy would face greater/lesser
12 increases.

13 **IV. OPTION TWO – PERMANENT INCREASE TO THE ANNUAL CAP**

14 Under option two, APS proposes the implementation of a PSA surcharge totaling
15 \$0.013544 per kWh to begin recovery of the under-collected balance over a 12-month period.
16 Unlike the proposed PSA surcharge in option one, the PSA surcharge in option two will not
17 eliminate the under-collected PSA balance during the 2023 PSA year. However, the proposed
18 PSA surcharge in option two will help reduce and stem future growth of the under-collected PSA
19 balance. Since the proposed PSA surcharge under option two will not recover the entire under-
20 collected balance by the end of the 2023 PSA year, APS requests that the Commission approve a
21 permanent increase to the annual PSA surcharge cap from \$0.004 per kWh to \$0.006 per kWh.
22 The permanent increase in the annual PSA surcharge cap will allow APS to gradually recover its
23 current and projected under-collected PSA balances over a number of years to minimize rate
24 shock for customers. For these reasons, the proposed PSA surcharge under option two is
25 reasonable, in the public interest, and should be approved by the Commission.

27 ⁷ Although the APS hedging program has resulted in savings for customers by way of lower fuel
28 and purchased power costs, the primary goal of hedging is to reduce risk and price volatility.

Under option two, the PSA surcharge will temporarily increase monthly bills for the average residential customer by \$6.31 (for a 4.16% increase in the total monthly bill) and by \$9.72 (for a 4.58% increase in the total monthly bill) for the average residential customer on demand rates. Customers using higher/lower amounts of energy would face greater/lesser increases.

V. OPTION THREE – TEMPORARY INCREASE TO THE ANNUAL CAP

Under option three, APS similarly requests the implementation of a PSA surcharge totaling \$0.013544 per kWh to begin recovery of the under-collected balance over a 12-month period. Unlike option two, option three proposes a temporary increase in the annual surcharge cap from \$0.004 per kWh to \$0.006 per kWh through the end of the 2024 PSA calendar year.⁸ The proposed PSA surcharge in option three will allow the Company to temporarily reduce and stem future growth of the under-collected PSA balance over a 24-month period. For these reasons, the proposed PSA surcharge under option three is also reasonable, in the public interest, and should be approved by the Commission. The PSA surcharge under option three would have the same monthly customer bill impacts as option two during the 2023 PSA year.

VI. CONCLUSION

Based on the foregoing reasons, APS requests that the Commission reset the PSA surcharge under one of the options described above to ameliorate the growing under-collected PSA balance and allow APS to more timely recover fuel and purchased power costs. Under option one, APS requests that the current annual PSA surcharge cap be increased to \$0.01834 and the PSA surcharge be set to \$0.025884 per kWh effective February 1, 2023. Under option two, APS requests that the current annual PSA surcharge cap be permanently increased to \$0.006 per kWh and the PSA surcharge be set to \$0.013544 per kWh effective February 1, 2023. Under option three, APS requests that the current annual PSA surcharge cap be temporarily increased to \$0.006 per kWh through the end of the 2024 PSA year and the PSA surcharge be set to \$0.013544 effective February 1, 2023.

⁸ The 2024 PSA calendar year begins February 1, 2024 and ends January 31, 2025.

RESPECTFULLY SUBMITTED this 30th day of November 2022.

By: /s/ Melissa M. Krueger
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EXHIBIT A

ARIZONA PUBLIC SERVICE COMPANY
Schedule 1
Power Supply Adjustment (PSA) Rate Calculation
October 2022
(\$/kWh)

Line No.	<u>PSA Rate Calculation</u>	Current	Proposed ¹	Increase/(Decrease)	
		February 1, 2022	February 1, 2023	\$/kWh	%
1	Forward Component Rate - FC (Schedule 2, L17)	\$ (0.004842)	\$ (0.001527)	\$ 0.003315	68%
2	Historical Component Rate - HC (Schedule 4, L5) ²	\$ 0.012386	\$ 0.013071	\$ 0.000685	6%
3	PSA Transition Component Rate (Schedule 6, L3)	\$ -	\$ 0.014340	\$ 0.014340	N/A
4	PSA Rate (L1+ L2 + L3) ³	<u>\$ 0.007544</u>	<u>\$ 0.025884</u>	<u>\$ 0.018340</u>	<u>243%</u>

Notes:

¹ Proposed levels of the PSA Rate Components are provided on November 30th each year.

² Historical Component is a true-up related to prior PSA activity.

³ The Total Fuel Recovery includes the cost of environmental chemicals and the impact of margins from the sale of excess emission allowances not recorded in fuel, per Decision No. 78317.

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 2
PSA Forward Component Rate Calculation Effective 2022
October 2022

(\$ in thousands; Forward Component Rate in \$/kWh)

Line No.	PSA Forward Component Rate - Calculation	Current ¹	Proposed ²	Increase/(Decrease)	
		February 1, 2022	February 1, 2023	\$ Values	%
1	Projected Fuel and Purchased Power Costs ³	\$ 1,562,329	\$ 1,877,505	\$ 315,176	20%
2	Projected System Excess Sales Revenue	\$ (173,669)	\$ (214,186)	(40,517)	23%
3	PSA Adjustments to Fuel and Purchased Power Costs ⁴	\$ (261,582)	\$ (287,435)	(25,853)	10%
4	Net Fuel and Purchased Power Costs (L1 through L3)	\$ 1,127,079	\$ 1,375,884	\$ 248,805	22%
5	Projected Production-Related Chemical Costs	\$ 16,110	\$ 27,471	\$ 11,361	71%
6	Projected Net Margins on the Sale of Emission Allowances	\$ -	\$ -	\$ -	N/A
7	Projected Billed Native Load Sales, excluding E-36XL, AG-X (MWh) ⁵	28,714,943	31,083,947	2,369,004	8%
8	Projected Average Net Fuel Costs \$/kWh (L4 / L7)	\$ 0.039251	\$ 0.044264	\$ 0.005013	13%
9	Average Production-Related Chemical Costs \$/kWh (L5 / L7)	\$ 0.000561	\$ 0.000884	\$ 0.000323	58%
10	Projected Average Margin on Emission Allowances \$/kWh (L6 / L7)	\$ -	\$ -	\$ -	N/A
11	Total Projected Average PSA Cost \$/kWh (L8 + L9 + L10)	\$ 0.039812	\$ 0.045147	\$ 0.005336	13%
12	Authorized Base Cost of Fuel and Purchased Power Rate \$/kWh ⁶	\$ 0.031451	\$ 0.031451	\$ -	0%
13	Authorized Base Chemical Cost Rate \$/kWh ⁵	\$ 0.000500	\$ 0.000500	\$ -	0%
14	Authorized Base Net Margins on the Sale of Emission Allowances Rate \$/kWh ⁶	\$ (0.000001)	\$ (0.000001)	\$ -	0%
15	Total Authorized Base Cost \$/kWh	\$ 0.031950	\$ 0.031950	\$ -	0%
16	Forward Component Rate \$/kWh (L11 - L15)	\$ 0.007862	\$ 0.013197	\$ 0.005336	68%
17	Adjusted Forward Component Rate \$/kWh ⁷	\$ (0.004842)	\$ (0.001527)	\$ 0.003315	N/A

Notes:

¹ Forward Component is in accordance with Decision No. 78317.

² Proposed levels of the PSA Rate Components are provided on or before November 30th each year.

³ Includes costs associated with the purchase of mandated carbon emission allowances.

⁴ Includes costs associated with E-36XL, AG-X and other direct assignment customers, ISFSI, and mark-to-market accounting adjustments.

⁵ The projected Billed Native Load Sales of 28,714,943 MWhs for the Proposed Rate represent forecast sales for 2022 as of Nov. 23, 2021.

⁶ Current Base Cost of Fuel, Purchased Power, Base Chemical Costs, and Base Net Margins on Sale of Emission Allowances established in Decision No. 78317. Proposed Base Cost of Fuel, Base Chemical Costs, and Base Net Margins on Sale of Emission Allowances established in Decision No. 78317.

⁷ The Forward Component Rate is adjusted to ensure the total PSA rate increase does not exceed \$0.004/kWh.

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 3

2022 PSA Year Forward Component Tracking Account - in Effect from February 1, 2022 to January 31, 2023

(\$ in thousands; Forward Component Rate and Base Rate in \$/kWh)

		Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
1 Prior Month's Balance	From L28	\$ 361,155	\$ 373,734	\$ 8,878	\$ 20,538	\$ 44,244	\$ 72,521	\$ 145,245	\$ 238,435	\$ 309,421	\$ 322,933			
Energy Sales														
2 PSA Retail Energy Sales ¹		2,059,365	1,782,246	1,906,380	1,990,895	2,480,429	3,125,772	3,570,274	3,327,261	3,012,330	2,276,717			
3 Wholesale Native Load Energy Sales ²		1,157	1,068	1,344	1,467	1,621	2,165	(737)	1,725	1,693	1,337			
4 Total Native Load Energy Sales	L2 + L3	2,060,523	1,783,314	1,907,723	1,992,361	2,482,050	3,127,937	3,569,537	3,328,986	3,014,024	2,278,054			
5 Retail Energy Sales as a % of Total	L2 / L4	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	100.0%	100%	100%	100%			
6 Retail Billed Sales Excluding E-36XL, AG-X Sales (MWh) ³		2,090,466	1,860,083	1,874,184	1,947,397	2,188,927	2,754,054	3,436,060	3,284,257	3,334,206	2,627,127			
PSA Costs														
7 Fuel and Purchased Power Costs ^{4,5}	-	\$ 75,913	\$ 62,878	\$ 70,992	\$ 83,324	\$ 103,753	\$ 169,106	\$ 201,513	\$ 199,773	\$ 172,939	\$ 116,031			
8 System Excess Revenue (Credit) ⁶		\$ (10,562)	\$ (6,810)	\$ (11,502)	\$ (7,092)	\$ (9,190)	\$ (13,580)	\$ (14,365)	\$ (42,781)	\$ (82,573)	\$ (26,488)			
9 AG-X Related System Excess Sales Margin		\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250			
10 Chemical Costs		\$ 2,494	\$ 803	\$ 1,534	\$ 1,123	\$ 2,031	\$ 2,332	\$ 2,638	\$ 3,021	\$ 2,578	\$ 2,940			
11 Net Margins on Sale of Emission Allowances		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
12 Net PSA Costs	sum (L7 to L11)	\$ 69,095	\$ 58,121	\$ 62,274	\$ 78,605	\$ 97,844	\$ 159,108	\$ 191,036	\$ 161,263	\$ 94,194	\$ 93,734			
Retail PSA Costs														
13 Fuel and Purchased Power Costs	L5 * L7	\$ 75,871	\$ 62,840	\$ 70,942	\$ 83,262	\$ 103,685	\$ 168,989	\$ 201,554	\$ 199,670	\$ 172,842	\$ 115,963			
14 System Excess Revenue (Credit)	L5 * L8	\$ (10,556)	\$ (6,806)	\$ (11,493)	\$ (7,087)	\$ (9,184)	\$ (13,571)	\$ (14,368)	\$ (42,758)	\$ (82,526)	\$ (26,472)			
15 AG-X Related System Excess Sales Margin	L5 * L9	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,250	\$ 1,249	\$ 1,249	\$ 1,249			
16 Chemical Costs	L5 * L10	\$ 2,493	\$ 803	\$ 1,533	\$ 1,122	\$ 2,030	\$ 2,330	\$ 2,639	\$ 3,019	\$ 2,576	\$ 2,939			
17 Net Margins on Sale of Emission Allowances	L5 * L11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
18 Net Retail PSA Costs	sum (L13 to L17)	\$ 69,056	\$ 58,086	\$ 62,230	\$ 78,547	\$ 97,780	\$ 158,998	\$ 191,076	\$ 161,180	\$ 94,141	\$ 93,679			
Base Rate Power Supply Recovery														
19 Fuel and Purchased Power Recovery	L30 * L2	\$ 64,769	\$ 56,053	\$ 59,958	\$ 62,616	\$ 78,012	\$ 98,309	\$ 112,289	\$ 104,646	\$ 94,741	\$ 71,605			
20 Chemical Costs	L31 * L2	\$ 1,030	\$ 891	\$ 953	\$ 995	\$ 1,240	\$ 1,563	\$ 1,785	\$ 1,664	\$ 1,506	\$ 1,138			
21 Net Margins on Sale of Emission Allowances	L32 * L2	\$ (2)	\$ (2)	\$ (2)	\$ (2)	\$ (2)	\$ (3)	\$ (4)	\$ (3)	\$ (3)	\$ (2)			
(Over)/Under Recovery From Base Rate														
22 Fuel and Purchased Power (Over)/Under Recovery	(L13 + L14 + L15) - L19	\$ 1,794	\$ 1,230	\$ 740	\$ 14,809	\$ 17,738	\$ 58,358	\$ 76,148	\$ 53,515	\$ (3,176)	\$ 19,135			
23 Chemical Costs (Over)/Under Recovery	L16 - L20	\$ 1,463	\$ (88)	\$ 579	\$ 126	\$ 789	\$ 768	\$ 854	\$ 1,355	\$ 1,070	\$ 1,800			
24 Net Margins on Sale of Emission Allowances (Over)/Under Recovery	L17 - L21	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 3	\$ 4	\$ 3	\$ 3	\$ 2			
25 Total (Over)/Under Recovery	sum (L22 to L24)	\$ 3,259	\$ 1,144	\$ 1,321	\$ 14,938	\$ 18,530	\$ 59,129	\$ 77,005	\$ 54,874	\$ (2,103)	\$ 20,938			
26 Forward Component Collections/(Refund) ⁷	L33 * L6	\$ (8,946)	\$ (7,734)	\$ (10,340)	\$ (8,768)	\$ (9,747)	\$ (13,595)	\$ (16,184)	\$ (16,112)	\$ (15,615)	\$ (13,510)			
27 Transfer to Transition Tracking Account		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
28 Tracking Account Balance	L1 + L25 - L26	\$ 373,361	\$ 8,878	\$ 20,538	\$ 44,244	\$ 72,521	\$ 145,245	\$ 238,435	\$ 309,421	\$ 322,933	\$ 357,381			
29 Annual Interest (Calculated only in January)		\$ 373												

30 Total Base Fuel Rate - ¢ per kWh ⁸ 3.1451

31 Total Chemical Rate - ¢ per kWh (Base Chemical Rate) 0.0500

32 Base Net Margin on the Sale of Emission Allowances - ¢ per kWh (0.0001)

33 Forward Component Rate - ¢ per kWh (0.4842)

Notes:

¹ PSA Retail Energy Sales are the calendar month's MWh sales. 2022 PSA Year Cumulative Retail Energy Sales of 665,579 MWhs under Rate Schedules E-36XL and AG-X are excluded from the PSA Calculations.

² Includes traditional sales for resale, PacifiCorp supplemental sales, and other non-ACC jurisdictional sales.

³ Retail Billed Sales on Line 6 relate specifically to the Forward Component Collections. Due to billing adjustments and timing, this amount may differ from other components' Retail Billed Sales.

⁴ Renewables costs exclude \$36,772,560 of 2022 PSA year-to-date costs that are currently being recovered through the RES rate schedule.

⁵ Includes native load and System Excess Sales fuel and purchased power costs, including the costs of acquiring mandated carbon emission allowances, less those costs associated with E-36XL, AG-X and other direct assignment customers, amortization of previously deferred ISFSI, coal reclamation, and mark-to-market accounting adjustments.

⁶ Includes System Excess Sales revenue less mark-to-market accounting adjustments.

⁷ Generally, Line 33 * Line 6 = Line 26; however, differences may occur due to billing adjustments.

⁸ On December 1, 2021, the Base Fuel Rate of 3.1451 ¢/kWh set in Decision No. 78317 went into effect. Prior Base Rate was 3.0168 ¢/kWh per Decision No. 76295.

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 4
Power Supply Adjustment (PSA) Historical Component Rate Calculation
October 2022

(\$ in thousands; Historical Component Rate in \$/kWh)

Line No.		Current ¹ February 1, 2022	Proposed ² February 1, 2023	Increase/(Decrease)	
	<u>PSA Historical Component Rate Calculation</u>			\$ Values	%
1	Forward Component Tracking Account Balance	\$ 348,418	\$ 385,932	\$ 37,514	11%
2	Historical Component Tracking Account Balance	7,242	20,375	\$ 13,133	181%
3	Total Historical Amount to be (Refunded)/Collected Balance (L1 + L2)	\$ 355,660	\$ 406,307	\$ 50,647	14%
4	Projected Native Load Energy Sales without E-36XL, AG-X (MWh)	28,714,943	31,083,947	2,369,004	8%
5	Applicable Historical Component Rate [L3 / L4]	\$ 0.012386	\$ 0.013071	\$ 0.000685	6%

Notes:

¹ Forward Component is in accordance with Decision No. 78317.

² Proposed levels of the PSA Rate Components are provided on or before November 30th each year.

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 5

Historical Component Tracking Account in Effect February 1, 2022 through January 31, 2023

(\$ in thousands Historical Component Rate in \$/kWh)

Line No.		2022 January	February	March	April	May	June	July	August	September	October	November	December	2023 January
1	Projected HC Tracking Account Balance at November 30, 2021		\$ 7,242											
2	Projected FC Tracking Account Balance at November 30, 2021		\$ 348,418											
3	FC Tracking Account True-Up from November - January Estimate ¹		\$ 25,317											
4	Prior Month's Ending Balance (L9 + L10)	\$ 28,530	\$ 11,890	\$ 363,638	\$ 339,702	\$ 315,948	\$ 289,590	\$ 255,428	\$ 213,272	\$ 172,400	\$ 131,556			
5	HC Adjusted Beginning Balance (L2 + L3 + L4)	\$ 28,530	\$ 385,624	\$ 363,638	\$ 339,702	\$ 315,948	\$ 289,590	\$ 255,428	\$ 213,272	\$ 172,400	\$ 131,556			
6	Applicable Historical Component Rate (\$/kWh) ²	\$ 0.007988	\$ 0.012386	\$ 0.012386	\$ 0.012386	\$ 0.012386	\$ 0.012386	\$ 0.012386	\$ 0.012386	\$ 0.012386	\$ 0.012386	\$ 0.012386	\$ 0.012386	
7	Retail Billed Sales Excluding E-36XL, AG-X Sales (MWh) ³	2,090,466	1,860,083	1,874,184	1,947,397	2,188,927	2,754,054	3,436,060	3,284,257	3,334,206	2,627,127			
8	Less Revenue from Applicable HC (L6 x L7) ⁴	\$ 16,653	\$ 21,986	\$ 23,936	\$ 23,755	\$ 26,357	\$ 34,163	\$ 42,156	\$ 40,872	\$ 40,844	\$ 32,971			
9	HC Ending Balance (L5 - L8)	\$ 11,878	\$ 363,638	\$ 339,702	\$ 315,948	\$ 289,590	\$ 255,428	\$ 213,272	\$ 172,400	\$ 131,556	\$ 98,585			
10	Annual Interest (Calculated only in January)	\$ 12												

Notes:

- ¹ True-up is the result of using estimated revenue and deferral for November through January since the actual amount was not available at the time of prior period PSA filing.
² Historical Component, Schedule 4, Line 5.
³ Sales amounts are for energy billed each period.
⁴ Generally, Line 7 x Line 6 = Line 8; however, differences may occur due to billing adjustments.

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 6
Power Supply Adjustment (PSA) Transition Component Rate Calculation
October 2022

(\$ in thousands; Transition Component Rate(s) in \$/kWh)

Line No.		Current	Proposed	Increase/(Decrease)	
		February 1, 2022	February 1, 2023	\$ Values	%
1	PSA Transition - Approved (Refundable)/Collection Amount	N/A	\$ 445,728	N/A	N/A
2	Projected Energy Sales without E-36XL, AG-X (MWh)	N/A	31,083,947	N/A	N/A
3	PSA Transition Component (Refundable)/Collection Rate (L1 / L2)	N/A	\$ 0.014340	N/A	N/A

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY

Schedule 7

Power Supply Adjustment (PSA) Transition Tracking Account in Effect February 1, 2022 through January 31, 2023

(\$ in thousands; Transition Component Rate in \$/kWh)

Line No.		2022												2023
		January	February	March	April	May	June	July	August	September	October	November	December	January
1	Transferred balance from FC Tracking Acct Per Decision No. 73183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Prior Month's Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Transition Component TA Adjusted Beginning Balance (L1 + L2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Applicable Transition TA Component Rate (\$/kWh) ¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Retail Billed Sales Excluding E-36XL, AG-X Sales (MWh) ²	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Less Revenue from Applicable Transition Component (L4 x L5) ³	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Ending Balance (L3 - L6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

¹ Transition Component, Schedule 6, Line 3.

² Sales amounts are for energy billed each period.

³ Generally, Line 4 x Line 5 = Line 6; however, differences may occur due to billing adjustments.

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 8
Summary of Monthly Calculations
October 2022
(\$ in thousands)

Line No.	2022 January	February	March	April	May	June	July	August	September	October	November	December	2023 January
Forward Component Tracking Account													
1 Beginning (Overcollected)/Undercollected Balance	\$ 361,155	\$ 373,734	\$ 8,878	\$ 20,538	\$ 44,244	\$ 72,521	\$ 145,245	\$ 238,435	\$ 309,421	\$ 322,933			
2 Transfers to Historical/Transition Component Tracking Account		\$ (373,734)											
3 Post-Sharing (Over)/Under Collection	\$ 3,259	\$ 1,144	\$ 1,321	\$ 14,938	\$ 18,530	\$ 59,129	\$ 77,005	\$ 54,874	\$ (2,103)	\$ 20,938			
4 Less Revenue from Applicable Forward Component Rate	\$ (8,946)	\$ (7,734)	\$ (10,340)	\$ (8,768)	\$ (9,747)	\$ (13,595)	\$ (16,184)	\$ (16,112)	\$ (15,615)	\$ (13,510)			
5 Annual Interest (Calculated only in January)	\$ 373	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
6 Ending Balance (Line 1 + Line 2 + Line 3 - Line 4 + Line 5)	\$ 373,734	\$ 8,878	\$ 20,538	\$ 44,244	\$ 72,521	\$ 145,245	\$ 238,435	\$ 309,421	\$ 322,933	\$ 357,381	\$ -	\$ -	\$ -
Historical Component Tracking Account													
7 Beginning (Overcollected)/Undercollected Balance	\$ 28,530	\$ 385,624	\$ 363,638	\$ 339,702	\$ 315,948	\$ 289,590	\$ 255,428	\$ 213,272	\$ 172,400	\$ 131,556			
8 Transfers from Forward Component Tracking Account													
9 Less Revenue from Applicable Historical Component Rate	\$ 16,653	\$ 21,986	\$ 23,936	\$ 23,755	\$ 26,357	\$ 34,163	\$ 42,156	\$ 40,872	\$ 40,844	\$ 32,971			
10 Annual Interest (Calculated only in January)	\$ 12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
11 Ending Balance (Line 7 + Line 8 - Line 9 + Line 10)	\$ 11,890	\$ 363,638	\$ 339,702	\$ 315,948	\$ 289,590	\$ 255,428	\$ 213,272	\$ 172,400	\$ 131,556	\$ 98,585	\$ -	\$ -	\$ -
Transition Component Tracking Account													
12 Beginning (Overcollected)/Undercollected Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13 Transfers from Forward Component Tracking Account	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14 Less Revenue from Applicable Transition Component	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15 Annual Interest (Calculated only in January)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16 Ending Balance (Line 12 + Line 13 - Line 14 + Line 15)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17 Combined Balance ((Line 6 + Line 11+ Line 16))¹	\$ 385,624	\$ 372,516	\$ 360,241	\$ 360,192	\$ 362,112	\$ 400,673	\$ 451,707	\$ 481,821	\$ 454,489	\$ 455,966	\$ -	\$ -	\$ -
18 Annual Interest Rate ²	0.10%												0.40%

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

¹ Interest is applied on the PSA balance annually at the following rates: any overcollection existing at the end of the PSA year will accrue interest at a rate equal to the Company's authorized ROE or APS's existing short-term borrowing rate, whichever is greater, and will be refunded to customers over the following 12 months; any undercollection existing at the end of the PSA year will accrue interest at a rate equal to the Company's authorized ROE or APS's existing short-term borrowing rate, whichever is less, and will be recovered from customers over the following 12 months.

² Annual Interest Rate is applied to the Combined PSA balance at the end of PSA year: 8.70% when overcollected or 0.10% in 2021 and 0.40% in 2022 when undercollected.

ARIZONA PUBLIC SERVICE COMPANY

Schedule 9

2022 Native Load Customer Counts, Sales and Revenue

October 2022

Line No.	Class	January	February	March	April	May	June	July	August	September	October	November	December	YTD Total ¹
Customer														
1	Residential	1,196,318	1,198,023	1,198,983	1,196,783	1,196,669	1,197,816	1,200,401	1,201,914	1,206,296	1,209,176			1,200,238
2	Commercial	136,192	136,337	136,717	136,696	136,862	136,945	137,238	137,298	137,579	137,622			136,949
3	Industrial	2,565	2,551	2,533	2,516	2,509	2,493	2,481	2,458	2,439	2,440			2,499
4	Irrigation	342	339	339	339	337	337	337	337	337	337			338
5	Sales for Resale ¹	4	4	4	4	4	4	4	4	4	4			4
6	Streetlights & Other Public Authority	1,508	1,486	1,568	1,402	1,357	1,373	1,349	1,438	1,554	1,444			1,448
7	Less E-36XL, AG-X (includes adj. to prior mth)	(25)	(25)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)			(28)
8	Total	1,336,904	1,338,715	1,340,115	1,337,711	1,337,709	1,338,939	1,341,781	1,343,420	1,348,180	1,350,994			1,340,386
Sales (MWh)														
9	Residential	1,003,929	814,525	830,870	885,664	1,216,922	1,683,239	2,003,643	1,794,167	1,591,280	1,063,247			12,887,485
10	Commercial	959,870	863,720	968,024	992,308	1,154,772	1,308,270	1,441,824	1,426,349	1,300,725	1,104,750			11,520,611
11	Industrial	153,504	159,391	167,623	170,300	169,426	198,314	198,263	180,322	187,683	173,572			1,758,398
12	Irrigation	392	496	681	924	1,135	1,146	968	805	876	794			8,217
13	Sales for Resale ²	1,157	1,068	1,344	1,467	1,621	2,165	(737)	1,725	1,693	1,337			12,841
14	Streetlights & Other Public Authority	9,161	9,068	8,993	8,933	8,935	9,076	8,972	8,991	9,170	8,723			90,022
15	Less E-36XL, AG-X (includes adj. to prior mth)	(67,491)	(64,955)	(69,813)	(67,234)	(70,762)	(74,272)	(83,395)	(83,374)	(77,405)	(74,369)			(733,070)
16	Total	2,060,522	1,783,314	1,907,721	1,992,361	2,482,050	3,127,938	3,569,537	3,328,986	3,014,022	2,278,054			25,544,505
Revenue (\$000)														
17	Residential	\$ 135,042	\$ 114,797	\$ 117,507	\$ 131,500	\$ 171,989	\$ 234,100	\$ 270,205	\$ 247,196	\$ 225,660	\$ 146,143			\$ 1,794,139
18	Commercial	\$ 105,312	\$ 103,003	\$ 105,279	\$ 115,474	\$ 134,197	\$ 157,124	\$ 165,872	\$ 167,095	\$ 151,401	\$ 125,703			\$ 1,330,462
19	Industrial	\$ 12,253	\$ 14,113	\$ 13,760	\$ 15,296	\$ 15,445	\$ 18,838	\$ 19,217	\$ 19,487	\$ 18,950	\$ 17,557			\$ 164,916
20	Irrigation	\$ 69	\$ 83	\$ 92	\$ 113	\$ 142	\$ 142	\$ 123	\$ 106	\$ 128	\$ 107			\$ 1,105
21	Sales for Resale ²	\$ 105	\$ 117	\$ 114	\$ 290	\$ 172	\$ 186	\$ 8	\$ 147	\$ 185	\$ 150			\$ 1,474
22	Streetlights & Other Public Authority	\$ 1,728	\$ 1,735	\$ 1,752	\$ 1,751	\$ 1,749	\$ 1,752	\$ 1,746	\$ 1,747	\$ 1,764	\$ 1,693			\$ 17,417
23	Less E-36XL, AG-X (includes adj. to prior mth)	\$ (3,473)	\$ (3,725)	\$ (3,446)	\$ (3,133)	\$ (4,607)	\$ (4,335)	\$ (5,472)	\$ (7,908)	\$ (7,157)	\$ (8,362)			\$ (51,618)
24	Total	\$ 251,036	\$ 230,122	\$ 235,060	\$ 261,289	\$ 319,087	\$ 407,807	\$ 451,700	\$ 427,872	\$ 390,931	\$ 282,991			\$ 3,257,894
Est. System Losses and Peak														
25	Est. Native Load Sys. Losses (MWh)	100,645	90,920	46,151	50,844	63,256	138,880	150,680	169,647	129,712	88,676			1,029,412
26	Est. Native Load Sys. Losses (MW)	201	211	89	107	144	304	313	358	293	202			358
27	Est. Native Load Sys. Peak (MW) ³	4,244	4,288	3,790	4,337	5,813	6,999	7,587	7,191	6,991	5,355			7,587

¹ The Customer total is the average of the customer class monthly totals.² Includes traditional sales for resale, PacifiCorp supplemental sales, and other non-ACC jurisdictional sales. System Excess Sales Interchange customers, sales and revenue are excluded from Sales for Resale.³ The Preliminary Native Load System Losses and Peak totals may be updated periodically.

CERTIFICATION BY APS
OF
MONTHLY PSA REPORTS

Pursuant to Decision No. 76295 (August 18, 2017) and the Power Supply Adjustor Plan of Administration (August 19, 2017), I certify that to the best of my knowledge and based on the information made available to me, the attached Monthly PSA Report is complete and accurate in all material respects.

Date: November 30, 2022



Justin M. Joiner
Vice President Resource Management

EXHIBIT B

ARIZONA PUBLIC SERVICE COMPANY
Schedule 1
Power Supply Adjustment (PSA) Rate Calculation
October 2022
(\$/kWh)

Line No.	<u>PSA Rate Calculation</u>	Current	Proposed ¹	Increase/(Decrease)	
		February 1, 2022	February 1, 2023	\$/kWh	%
1	Forward Component Rate - FC (Schedule 2, L17)	\$ (0.004842)	\$ 0.000473	\$ 0.005315	N/A
2	Historical Component Rate - HC (Schedule 4, L5) ²	\$ 0.012386	\$ 0.013071	\$ 0.000685	N/A
3	PSA Transition Component Rate (Schedule 6, L3)	\$ -	\$ -	\$ -	N/A
4	PSA Rate (L1+ L2 + L3) ³	<u>\$ 0.007544</u>	<u>\$ 0.013544</u>	<u>\$ 0.006000</u>	<u>80%</u>

Notes:

¹ Proposed levels of the PSA Rate Components are provided on November 30th each year.

² Historical Component is a true-up related to prior PSA activity.

³ The Total Fuel Recovery includes the cost of environmental chemicals and the impact of margins from the sale of excess emission allowances not recorded in fuel, per Decision No. 78317.

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 2
PSA Forward Component Rate Calculation Effective 2022
October 2022

(\$ in thousands; Forward Component Rate in \$/kWh)

Line	Current ¹	Proposed ²	Increase/(Decrease)	
No. PSA Forward Component Rate - Calculation	February 1, 2022	February 1, 2023	\$ Values	%
1 Projected Fuel and Purchased Power Costs ³	\$ 1,562,329	\$ 1,877,505	\$ 315,176	20%
2 Projected System Excess Sales Revenue	\$ (173,669)	\$ (214,186)	(40,517)	23%
3 PSA Adjustments to Fuel and Purchased Power Costs ⁴	\$ (261,582)	\$ (287,435)	(25,853)	10%
4 Net Fuel and Purchased Power Costs (L1 through L3)	\$ 1,127,079	\$ 1,375,884	\$ 248,805	22%
5 Projected Production-Related Chemical Costs	\$ 16,110	\$ 27,471	\$ 11,361	71%
6 Projected Net Margins on the Sale of Emission Allowances	\$ -	\$ -	\$ -	N/A
7 Projected Billed Native Load Sales, excluding E-36XL, AG-X (MWh) ⁵	28,714,943	31,083,947	2,369,004	8%
8 Projected Average Net Fuel Costs \$/kWh (L4 / L7)	\$ 0.039251	\$ 0.044264	\$ 0.005013	13%
9 Average Production-Related Chemical Costs \$/kWh (L5 / L7)	\$ 0.000561	\$ 0.000884	\$ 0.000323	58%
10 Projected Average Margin on Emission Allowances \$/kWh (L6 / L7)	\$ -	\$ -	\$ -	N/A
11 Total Projected Average PSA Cost \$/kWh (L8 + L9 + L10)	\$ 0.039812	\$ 0.045147	\$ 0.005336	13%
12 Authorized Base Cost of Fuel and Purchased Power Rate \$/kWh ⁶	\$ 0.031451	\$ 0.031451	\$ -	0%
13 Authorized Base Chemical Cost Rate \$/kWh ⁵	\$ 0.000500	\$ 0.000500	\$ -	0%
14 Authorized Base Net Margins on the Sale of Emission Allowances Rate \$/kWh ⁶	\$ (0.000001)	\$ (0.000001)	\$ -	0%
15 Total Authorized Base Cost \$/kWh	\$ 0.031950	\$ 0.031950	\$ -	0%
16 Forward Component Rate \$/kWh (L11 - L15)	\$ 0.007862	\$ 0.013197	\$ 0.005336	68%
17 Adjusted Forward Component Rate \$/kWh ⁷	\$ (0.004842)	\$ 0.000473	\$ 0.005315	N/A

Notes:

¹ Forward Component is in accordance with Decision No. 78317.

² Proposed levels of the PSA Rate Components are provided on or before November 30th each year.

³ Includes costs associated with the purchase of mandated carbon emission allowances.

⁴ Includes costs associated with E-36XL, AG-X and other direct assignment customers, ISFSI, and mark-to-market accounting adjustments.

⁵ The projected Billed Native Load Sales of 28,714,943 MWhs for the Proposed Rate represent forecast sales for 2022 as of Nov. 23, 2021.

⁶ Current Base Cost of Fuel, Purchased Power, Base Chemical Costs, and Base Net Margins on Sale of Emission Allowances established in Decision No. 78317. Proposed Base Cost of Fuel, Base Chemical Costs, and Base Net Margins on Sale of Emission Allowances established in Decision No. 78317.

⁷ The Forward Component Rate is adjusted to ensure the total PSA rate increase does not exceed \$0.004/kWh.

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY

Schedule 3

2022 PSA Year Forward Component Tracking Account - in Effect from February 1, 2022 to January 31, 2023

(\$ in thousands; Forward Component Rate and Base Rate in \$/kWh)

		Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
1 Prior Month's Balance	From L28	\$ 361,155	\$ 373,734	\$ 8,878	\$ 20,538	\$ 44,244	\$ 72,521	\$ 145,245	\$ 238,435	\$ 309,421	\$ 322,933			
Energy Sales														
2 PSA Retail Energy Sales ¹		2,059,365	1,782,246	1,906,380	1,990,895	2,480,429	3,125,772	3,570,274	3,327,261	3,012,330	2,276,717			
3 Wholesale Native Load Energy Sales ²		1,157	1,068	1,344	1,467	1,621	2,165	(737)	1,725	1,693	1,337			
4 Total Native Load Energy Sales	L2 + L3	2,060,523	1,783,314	1,907,723	1,992,361	2,482,050	3,127,937	3,569,537	3,328,986	3,014,024	2,278,054			
5 Retail Energy Sales as a % of Total	L2 / L4	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	100.0%	100%	100%	100%			
6 Retail Billed Sales Excluding E-36XL, AG-X Sales (MWh) ³		2,090,466	1,860,083	1,874,184	1,947,397	2,188,927	2,754,054	3,436,060	3,284,257	3,334,206	2,627,127			
PSA Costs														
7 Fuel and Purchased Power Costs ^{4,5}	-	\$ 75,913	\$ 62,878	\$ 70,992	\$ 83,324	\$ 103,753	\$ 169,106	\$ 201,513	\$ 199,773	\$ 172,939	\$ 116,031			
8 System Excess Revenue (Credit) ⁶		\$ (10,562)	\$ (6,810)	\$ (11,502)	\$ (7,092)	\$ (9,190)	\$ (13,580)	\$ (14,365)	\$ (42,781)	\$ (82,573)	\$ (26,488)			
9 AG-X Related System Excess Sales Margin		\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250			
10 Chemical Costs		\$ 2,494	\$ 803	\$ 1,534	\$ 1,123	\$ 2,031	\$ 2,332	\$ 2,638	\$ 3,021	\$ 2,578	\$ 2,940			
11 Net Margins on Sale of Emission Allowances		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
12 Net PSA Costs	sum (L7 to L11)	\$ 69,095	\$ 58,121	\$ 62,274	\$ 78,605	\$ 97,844	\$ 159,108	\$ 191,036	\$ 161,263	\$ 94,194	\$ 93,734			
Retail PSA Costs														
13 Fuel and Purchased Power Costs	L5 * L7	\$ 75,871	\$ 62,840	\$ 70,942	\$ 83,262	\$ 103,685	\$ 168,989	\$ 201,554	\$ 199,670	\$ 172,842	\$ 115,963			
14 System Excess Revenue (Credit)	L5 * L8	\$ (10,556)	\$ (6,806)	\$ (11,493)	\$ (7,087)	\$ (9,184)	\$ (13,571)	\$ (14,368)	\$ (42,758)	\$ (82,526)	\$ (26,472)			
15 AG-X Related System Excess Sales Margin	L5 * L9	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249			
16 Chemical Costs	L5 * L10	\$ 2,493	\$ 803	\$ 1,533	\$ 1,122	\$ 2,030	\$ 2,330	\$ 2,639	\$ 3,019	\$ 2,576	\$ 2,939			
17 Net Margins on Sale of Emission Allowances	L5 * L11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
18 Net Retail PSA Costs	sum (L13 to L17)	\$ 69,056	\$ 58,086	\$ 62,230	\$ 78,547	\$ 97,780	\$ 158,998	\$ 191,076	\$ 161,180	\$ 94,141	\$ 93,679			
Base Rate Power Supply Recovery														
19 Fuel and Purchased Power Recovery	L30 * L2	\$ 64,769	\$ 56,053	\$ 59,958	\$ 62,616	\$ 78,012	\$ 98,309	\$ 112,289	\$ 104,646	\$ 94,741	\$ 71,605			
20 Chemical Costs	L31 * L2	\$ 1,030	\$ 891	\$ 953	\$ 995	\$ 1,240	\$ 1,563	\$ 1,785	\$ 1,664	\$ 1,506	\$ 1,138			
21 Net Margins on Sale of Emission Allowances	L32 * L2	\$ (2)	\$ (2)	\$ (2)	\$ (2)	\$ (2)	\$ (3)	\$ (4)	\$ (3)	\$ (3)	\$ (2)			
(Over)/Under Recovery From Base Rate														
22 Fuel and Purchased Power (Over)/Under Recovery	(L13 + L14 + L15) - L19	\$ 1,794	\$ 1,230	\$ 740	\$ 14,809	\$ 17,738	\$ 58,358	\$ 76,148	\$ 53,515	\$ (3,176)	\$ 19,135			
23 Chemical Costs (Over)/Under Recovery	L16 - L20	\$ 1,463	\$ (88)	\$ 579	\$ 126	\$ 789	\$ 768	\$ 854	\$ 1,355	\$ 1,070	\$ 1,800			
24 Net Margins on Sale of Emission Allowances (Over)/Under Recovery	L17 - L21	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 3	\$ 4	\$ 3	\$ 3	\$ 2			
25 Total (Over)/Under Recovery	sum (L22 to L24)	\$ 3,259	\$ 1,144	\$ 1,321	\$ 14,938	\$ 18,530	\$ 59,129	\$ 77,005	\$ 54,874	\$ (2,103)	\$ 20,938			
26 Forward Component Collections/(Refund) ⁷	L33 * L6	\$ (8,946)	\$ (7,734)	\$ (10,340)	\$ (8,768)	\$ (9,747)	\$ (13,595)	\$ (16,184)	\$ (16,112)	\$ (15,615)	\$ (13,510)			
27 Transfer to Transition Tracking Account		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
28 Tracking Account Balance	L1 + L25 - L26	\$ 373,361	\$ 8,878	\$ 20,538	\$ 44,244	\$ 72,521	\$ 145,245	\$ 238,435	\$ 309,421	\$ 322,933	\$ 357,381			
29 Annual Interest (Calculated only in January)		\$ 373												
30 Total Base Fuel Rate - ¢ per kWh ⁸	3.1451													
31 Total Chemical Rate - ¢ per kWh (Base Chemical Rate)	0.0500													
32 Base Net Margin on the Sale of Emission Allowances - ¢ per kWh	(0.0001)													
33 Forward Component Rate - ¢ per kWh	(0.4842)													

Notes:

¹ PSA Retail Energy Sales are the calendar month's MWh sales. 2022 PSA Year Cumulative Retail Energy Sales of 665,579 MWhs under Rate Schedules E-36XL and AG-X are excluded from the PSA Calculations.

² Includes traditional sales for resale, PacifiCorp supplemental sales, and other non-ACC jurisdictional sales.

³ Retail Billed Sales on Line 6 relate specifically to the Forward Component Collections. Due to billing adjustments and timing, this amount may differ from other components' Retail Billed Sales.

⁴ Renewables costs exclude \$36,772,560 of 2022 PSA year-to-date costs that are currently being recovered through the RES rate schedule.

⁵ Includes native load and System Excess Sales fuel and purchased power costs, including the costs of acquiring mandated carbon emission allowances, less those costs associated with E-36XL, AG-X and other direct assignment customers, amortization of previously deferred ISFSI, coal reclamation, and mark-to-market accounting adjustments.

⁶ Includes System Excess Sales revenue less mark-to-market accounting adjustments.

⁷ Generally, Line 33 * Line 6 = Line 26; however, differences may occur due to billing adjustments.

⁸ On December 1, 2021, the Base Fuel Rate of 3.1451 ¢/kWh set in Decision No. 78317 went into effect. Prior Base Rate was 3.0168 ¢/kWh per Decision No. 76295.

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 4
Power Supply Adjustment (PSA) Historical Component Rate Calculation
October 2022

(\$ in thousands; Historical Component Rate in \$/kWh)

Line No.	PSA Historical Component Rate Calculation	Current ¹	Proposed ²	Increase/(Decrease)	
		February 1, 2022	February 1, 2023	\$ Values	%
1	Forward Component Tracking Account Balance	\$ 348,418	\$ 385,932	\$ 37,514	11%
2	Historical Component Tracking Account Balance	7,242	20,375	\$ 13,133	181%
3	Total Historical Amount to be (Refunded)/Collected Balance (L1 + L2)	\$ 355,660	\$ 406,307	\$ 50,647	14%
4	Projected Native Load Energy Sales without E-36XL, AG-X (MWh)	28,714,943	31,083,947	2,369,004	8%
5	Applicable Historical Component Rate [L3 / L4]	\$ 0.012386	\$ 0.013071	\$ 0.000685	6%

Notes:

¹ Forward Component is in accordance with Decision No. 78317.

² Proposed levels of the PSA Rate Components are provided on or before November 30th each year.

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY

Schedule 5

Historical Component Tracking Account in Effect February 1, 2022 through January 31, 2023

(\$ in thousands Historical Component Rate in \$/kWh)

Line No.		2022											2023
		January	February	March	April	May	June	July	August	September	October	November	December January
1	Projected HC Tracking Account Balance at November 30, 2021		\$ 7,242										
2	Projected FC Tracking Account Balance at November 30, 2021		\$ 348,418										
3	FC Tracking Account True-Up from November - January Estimate ¹		\$ 25,317										
4	Prior Month's Ending Balance (L9 + L10)	\$ 28,530	\$ 11,890	\$ 363,638	\$ 339,702	\$ 315,948	\$ 289,590	\$ 255,428	\$ 213,272	\$ 172,400	\$ 131,556		
5	HC Adjusted Beginning Balance (L2 + L3 + L4)	\$ 28,530	\$ 385,624	\$ 363,638	\$ 339,702	\$ 315,948	\$ 289,590	\$ 255,428	\$ 213,272	\$ 172,400	\$ 131,556		
6	Applicable Historical Component Rate (\$/kWh) ²	\$ 0.007988	\$ 0.012386	\$ 0.012386	\$ 0.012386	\$ 0.012386	\$ 0.012386	\$ 0.012386	\$ 0.012386	\$ 0.012386	\$ 0.012386	\$ 0.012386	
7	Retail Billed Sales Excluding E-36XL, AG-X Sales (MWh) ³	2,090,466	1,860,083	1,874,184	1,947,397	2,188,927	2,754,054	3,436,060	3,284,257	3,334,206	2,627,127		
8	Less Revenue from Applicable HC (L6 x L7) ⁴	\$ 16,653	\$ 21,986	\$ 23,936	\$ 23,755	\$ 26,357	\$ 34,163	\$ 42,156	\$ 40,872	\$ 40,844	\$ 32,971		
9	HC Ending Balance (L5 - L8)	\$ 11,878	\$ 363,638	\$ 339,702	\$ 315,948	\$ 289,590	\$ 255,428	\$ 213,272	\$ 172,400	\$ 131,556	\$ 98,585		
10	Annual Interest (Calculated only in January)	\$ 12											

Notes:

¹ True-up is the result of using estimated revenue and deferral for November through January since the actual amount was not available at the time of prior period PSA filing.

² Historical Component, Schedule 4, Line 5.

³ Sales amounts are for energy billed each period.

⁴ Generally, Line 7 x Line 6 = Line 8; however, differences may occur due to billing adjustments.

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 6
Power Supply Adjustment (PSA) Transition Component Rate Calculation
October 2022

(\$ in thousands; Transition Component Rate(s) in \$/kWh)

Line No.		Current	Proposed	Increase/(Decrease)	
		February 1, 2022	February 1, 2023	\$ Values	%
1	PSA Transition - Approved (Refundable)/Collection Amount	N/A	N/A	N/A	N/A
2	Projected Energy Sales without E-36XL, AG-X (MWh)	N/A	N/A	N/A	N/A
3	PSA Transition Component (Refundable)/Collection Rate (L1 / L2)	N/A	N/A	N/A	N/A

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY

Schedule 7

Power Supply Adjustment (PSA) Transition Tracking Account in Effect February 1, 2022 through January 31, 2023

(\$ in thousands; Transition Component Rate in \$/kWh)

Line No.		2022 January	February	March	April	May	June	July	August	September	October	November	December	2023 January
1	Transferred balance from FC Tracking Acct Per Decision No. 73183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Prior Month's Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Transition Component TA Adjusted Beginning Balance (L1 + L2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Applicable Transition TA Component Rate (\$/kWh) ¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Retail Billed Sales Excluding E-36XL, AG-X Sales (MWh) ²	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Less Revenue from Applicable Transition Component (L4 x L5) ³	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Ending Balance (L3 - L6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

¹ Transition Component, Schedule 6, Line 3.

² Sales amounts are for energy billed each period.

³ Generally, Line 4 x Line 5 = Line 6; however, differences may occur due to billing adjustments.

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 8
Summary of Monthly Calculations
October 2022
(\$ in thousands)

Line No.	2022 January	February	March	April	May	June	July	August	September	October	November	December	2023 January
Forward Component Tracking Account													
1 Beginning (Overcollected)/Undercollected Balance	\$ 361,155	\$ 373,734	\$ 8,878	\$ 20,538	\$ 44,244	\$ 72,521	\$ 145,245	\$ 238,435	\$ 309,421	\$ 322,933			
2 Transfers to Historical/Transition Component Tracking Account		\$ (373,734)											
3 Post-Sharing (Over)/Under Collection	\$ 3,259	\$ 1,144	\$ 1,321	\$ 14,938	\$ 18,530	\$ 59,129	\$ 77,005	\$ 54,874	\$ (2,103)	\$ 20,938			
4 Less Revenue from Applicable Forward Component Rate	\$ (8,946)	\$ (7,734)	\$ (10,340)	\$ (8,768)	\$ (9,747)	\$ (13,595)	\$ (16,184)	\$ (16,112)	\$ (15,615)	\$ (13,510)			
5 Annual Interest (Calculated only in January)	\$ 373	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
6 Ending Balance (Line 1 + Line 2 + Line 3 - Line 4 + Line 5)	\$ 373,734	\$ 8,878	\$ 20,538	\$ 44,244	\$ 72,521	\$ 145,245	\$ 238,435	\$ 309,421	\$ 322,933	\$ 357,381	\$ -	\$ -	\$ -
Historical Component Tracking Account													
7 Beginning (Overcollected)/Undercollected Balance	\$ 28,530	\$ 385,624	\$ 363,638	\$ 339,702	\$ 315,948	\$ 289,590	\$ 255,428	\$ 213,272	\$ 172,400	\$ 131,556			
8 Transfers from Forward Component Tracking Account													
9 Less Revenue from Applicable Historical Component Rate	\$ 16,653	\$ 21,986	\$ 23,936	\$ 23,755	\$ 26,357	\$ 34,163	\$ 42,156	\$ 40,872	\$ 40,844	\$ 32,971			
10 Annual Interest (Calculated only in January)	\$ 12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
11 Ending Balance (Line 7 + Line 8 - Line 9 + Line 10)	\$ 11,890	\$ 363,638	\$ 339,702	\$ 315,948	\$ 289,590	\$ 255,428	\$ 213,272	\$ 172,400	\$ 131,556	\$ 98,585	\$ -	\$ -	\$ -
Transition Component Tracking Account													
12 Beginning (Overcollected)/Undercollected Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13 Transfers from Forward Component Tracking Account	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14 Less Revenue from Applicable Transition Component	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15 Annual Interest (Calculated only in January)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16 Ending Balance (Line 12 + Line 13 - Line 14 + Line 15)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17 Combined Balance ((Line 6 + Line 11+ Line 16)) ¹	\$ 385,624	\$ 372,516	\$ 360,241	\$ 360,192	\$ 362,112	\$ 400,673	\$ 451,707	\$ 481,821	\$ 454,489	\$ 455,966	\$ -	\$ -	\$ -
18 Annual Interest Rate ²	0.10%												0.40%

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

¹ Interest is applied on the PSA balance annually at the following rates: any overcollection existing at the end of the PSA year will accrue interest at a rate equal to the Company's authorized ROE or APS's existing short-term borrowing rate, whichever is greater, and will be refunded to customers over the following 12 months; any undercollection existing at the end of the PSA year will accrue interest at a rate equal to the Company's authorized ROE or APS's existing short-term borrowing rate, whichever is less, and will be recovered from customers over the following 12 months.

² Annual Interest Rate is applied to the Combined PSA balance at the end of PSA year: 8.70% when overcollected or 0.10% in 2021 and 0.40% in 2022 when undercollected.

CERTIFICATION BY APS
OF
MONTHLY PSA REPORTS

Pursuant to Decision No. 76295 (August 18, 2017) and the Power Supply Adjustor Plan of Administration (August 19, 2017), I certify that to the best of my knowledge and based on the information made available to me, the attached Monthly PSA Report is complete and accurate in all material respects.

Date: November 30, 2022



Justin M. Joiner
Vice President Resource Management